

**SECRET**

THE SECRETARY OF STATE

ES SENSITIVE 8321042

WASHINGTON

July 11, 1983

Dear Mac:

Executive Registry

83-3383/2

I was dismayed to learn that a recommendation to the President on the Daedalus cases was not sent forward on July 6, as was agreed in the meeting of the Export Administration Review Board the day before. We understood that such action would be taken by July 6, as required by Judge Barrington Parker's summary judgment in the Daedalus cases.

We have read with great care Cap Weinberger's letter to you of July 7. Frankly speaking, we see nothing in the letter which calls into question our continuing strong support for the approval of the Daedalus and other Landsat-related cases. Neither that letter nor the Defense Department's previous submissions over many months on this issue have demonstrated that Romania has diverted controlled technology to the Soviet Union in the past or would be likely to do so. Moreover, we understand that from the technical standpoint neither NASA nor [ ] considers diversion likely or the risks entailed to be serious. In our view, such diversion would be highly unlikely -- it would put at grave risk Romania's access to U.S. technology in the future and would have negative implications for our bilateral relations in general. In view of Romania's past record, the safeguards that can be placed on the exported equipment, and Romania's desire to enhance and strengthen its relations with the United States, we consider the risk of diversion to be minimal.

25X1

At the same time, we believe that the Landsat-related cases should be viewed in a broader perspective. NSDD-54 of September 8, 1982, spelled out the President's differentiated export policy toward Eastern Europe. That Directive clearly states that "there is a high probability that technology legally sold to any Eastern European country other than Romania (emphasis added) will be passed to the Soviet Union....," indicating that Romania poses less of a diversion risk than other Eastern European countries. We believe that that still is the case and attach for your information a memorandum prepared recently on the differences the Romanian government has had with the Soviet Union in a number of areas over the past half year or so.

The Honorable

Malcolm Baldrige,

Secretary of Commerce,

Washington, D. C.

~~**SECRET**~~

DECL: OADR

**SECRET**

-2-

The Landsat-related cases are very important to US-Romanian relations. The issue of their approval has gone unresolved far too long already. Romania recently has made significant concessions to the U.S. in the emigration field and has been helpful at Madrid, splitting from the Soviets on some important issues. Romania should be encouraged to move toward us in as many areas as possible. That is the idea behind the policy of differentiation, and it is one we believe we should continue to promote, especially in the case of Romania. The Landsat-related cases provide an excellent way for us to do so, while a decision now to disapprove them would be an act of bad faith and injurious to major U.S. political interests in Eastern Europe.

Sincerely yours,



George P. Shultz

Attachment:

Memorandum on Romanian-  
Soviet Differencescc:  
NSC-Judge Clark**SECRET**

**Page Denied**

Next 2 Page(s) In Document Denied